

Board Meeting  
May 21, 2009

ROLL CALL

APPROVE CERTIFICATES OF PARTICIPATION (REFUNDING),  
SERIES 2009A and B

**Action:** Approve the Issuance of Certificates of Participation (Refunding), Series 2009A and B

**Funding:** Proceeds of the Certificates

The Board, at its meeting on January 15, 2009, authorized a number of actions leading to the issuance of certificates of participation to refund and/or restructure all or a portion of the Variable Rate Demand Certificates of Participation (Projects), Series 2007C (the “Series 2007C”), and the Variable Rate Demand Certificates of Participation (Projects), Taxable Series 2007D (the “Series 2007D”).

The certificates will be issued in two separate series. The Certificates of Participation (Refunding), Series 2009A (the “Series 2009A”) will be traditional fixed-rate certificates. The Variable Rate Demand Certificates of Participation (Refunding), Series 2009B (the “Series 2009B”) will be variable rate demand certificates. The proceeds from the Series 2009A and the Series 2009B certificates will refund the Series 2007C and Series 2007D certificates. All or a portion of the Series 2009B certificates will be redeemed when the University receives capital appropriations or gifts for the

College of Medicine, Rockford National Center for Rural Health Professionals Facility and the Petascale Computing Facility.

Pursuant to the Board's approval, the following actions have been completed: retention of Katten Muchin Rosenman LLP as bond counsel; retention of Freeborn & Peters LLP as special issuer's counsel; retention of Scott Balice Strategies, LLC. as financial advisor; retention of J. P. Morgan Securities, Inc., as managing underwriter; retention of The Bank of New York Mellon Trust Company, N.A. as trustee; preparation of the Preliminary Official Statement for the Series 2009A certificates and the Official Statement for the Series 2009B certificates; analysis of credit enhancement and/or liquidity support; actions to pursue and obtain ratings on the certificates; preparation of one or more indentures and supplemental indentures (collectively, the "Indentures of Trust"), Certificate Purchase Agreements, Installment Purchase Contracts, Amended and Restated Acquisition Agreements, Continuing Disclosure Agreement, Remarketing Agreement, and Standby Certificate Purchase Agreement.

It is requested that the Board authorize the issuance of the Series 2009A and 2009B certificates in an amount not to exceed \$115.0 million (not including original issue discount or premium) with a final maturity of not more than 19 years to refund the Series 2007C and Series 2007D certificates, plus necessary issuance costs (see Exhibit A).

The Series 2009A and B certificates evidence proportionate interests in installment payments to be made by the Board under installment purchase contracts. The average annual debt service payments to the certificate holders are estimated to be

approximately \$10.0 million (with maximum annual debt service payments of approximately \$14.0 million) over the 19-year life of the Series 2009A and B certificates. The Series 2009A and Series 2009B certificates are subject to redemption at such times and at such redemption prices as the Comptroller determines necessary or helpful in marketing the Series 2009A and Series 2009B certificates, but such prices shall not exceed 115.0 percent of the par amount of the certificates.

The Series 2009A and Series 2009B certificates will be sold via a negotiated sale. They will be fully registered, and the obligation to make the installment payments will be included annually in each operating budget of the Board. Neither the Installment Purchase Contracts nor the Series 2009A and Series 2009B certificates will constitute an indebtedness of the Board or the State of Illinois. The Board will agree to apply to the payment of the installment payments such moneys as may be lawfully appropriated by the General Assembly for such purposes and legally available non-appropriated funds on an annual basis, e.g., tuition and indirect cost recoveries.

All legal matters incidental to the authorization and issuance of the Series 2009A and Series 2009B certificates, the forms of the Preliminary Official Statement, the final Official Statements, the Indentures of Trust, the Certificate Purchase Agreements, the Installment Purchase Contracts, the Acquisition Agreements, the Standby Certificate Purchase Agreement, the Remarketing Agreement and the Continuing Disclosure Agreement will be approved by Katten Muchin Rosenman, LLP, Bond Counsel, Chicago; and Freeborn & Peters, LLP, Special Counsel to the University, Chicago; and certain

legal matters will be passed upon for the underwriters by Ungaretti & Harris LLP, Underwriter's Counsel, Chicago.

The Vice President/Chief Financial Officer and Comptroller recommends that the Board:

1. Approve the Preliminary Official Statement and approve of the final Official Statements with the addition of the final terms of the Series 2009A and Series 2009B certificates.<sup>1</sup>
2. Approve the form of the Certificate Purchase Agreements<sup>1</sup> with J. P. Morgan Securities, Inc., and other such underwriters as the Comptroller may select wherein the underwriter agrees to purchase from the Board not less than all of the Series 2009A and Series 2009B certificates in an aggregate original principal amount not exceeding \$115.0 million. The price at which the Series 2009A certificates will be purchased from the Board by the underwriter, exclusive of original issue discount, will not be less than 98.0 percent of the par amount thereof. The price at which the Series 2009B certificates will be purchased from the Board by the underwriter, exclusive of original issue discount, will not be less than 99.0 percent of the par amount thereof. The true interest cost of borrowing for the Series 2009A certificates will not exceed 6.50 percent. The initial interest rate for the Series 2009B certificates will not exceed 8.00 percent at the time of issuance. With respect to the variable-rate Series 2009B certificates, subsequent interest rates will not exceed the maximum rate permitted by law.

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<sup>1</sup>A copy is filed with the Secretary of the Board for record and the appropriate officers of the Board are hereby authorized and directed to execute the same in the name of and on behalf of the Board in substantially the form presented to this meeting, or with such changes as may be approved by the officer or officers of the Board executing the same, his/her or their execution thereof to constitute conclusive evidence of the Board's approval of all changes from the form thereof presented to this meeting; provided, however, that if any such changes constitute a substantial change in the form thereof presented to this meeting they shall first be approved by the Executive Committee of the Board to which authority for such approval is delegated by the Board.

3. Adopt an authorizing resolution<sup>1</sup> which authorizes the Series 2009A and Series 2009B certificates, the Installment Purchase Contracts, the Amended and Restated Acquisition Agreements, the Indentures of Trust, the Certificate Purchase Agreements, the Standby Certificate Purchase Agreement, the Remarketing Agreement, and the Continuing Disclosure Agreement.
4. Delegate to the Comptroller the authority to determine the aggregate principal amount, final terms and terms of the sale of the Series 2009A and Series 2009B certificates within the limits expressed in this Board action and authorizing resolution.
5. Approve the forms of the Amended and Restated Acquisition Agreements and the Installment Purchase Contracts.<sup>1</sup>
6. Approve the form of the Indentures of Trust, Remarketing Agreement and Standby Certificate Purchase Agreement.<sup>1</sup>
7. Approve the form of the Continuing Disclosure Agreement by the Board with respect to the Series 2009A certificates.<sup>1</sup>
8. Ratify and confirm all actions taken or to be taken by the officers and members of the Board in connection with the sale and delivery of the Series 2009A and Series 2009B certificates to the underwriter.
9. Authorize and empower the Comptroller and other authorized officers of the Board to do and perform such other acts and things; and to make, execute, and deliver all such other instruments and documents on behalf of the Board as may be by them deemed necessary or appropriate in connection with the provisions of the authorizing resolution, the Preliminary Official Statement, the Official Statements, the Indentures of Trust, the Certificate Purchase Agreements, the Installment Purchase Contracts, the Amended and Restated Acquisition Agreements, the Remarketing Agreement, the Continuing Disclosure Agreement, the Standby Certificate Purchase

Agreement and all acts and things whether heretofore or hereafter done or performed by and of the officers of the Board which are in conformity with the intents and purposes of this Board action, and the authorizing resolution shall be and the same are hereby in all respects, ratified, confirmed, and approved.

The Board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes, The General Rules Concerning University Organizations and Procedures*, and Board of Trustees policies and directives.

Funding will be available from the proceeds of the Series 2009A and Series 2009B certificates.

The President of the University concurs.